



2020 Annual Results

AND 2021 PRIORITIES

2020: Good performance in an unprecedented year



Sales: €847m down 11% vs 2019, with broadly stable sustainable development markets



Operating margin before non-recurring items: 8.1% of sales



Free cash flow: €76m* vs €60m in 2019, resulting in **record-low net debt**



Shareholder return:
Dividend of **€0.65/share**

Targeted measures when needed: furlough and short-time working schemes, targeted restructuring

Continued strategic plans by segment: industrial optimization, investments

Committed teams:
even at the height of the crisis, **85%** of plants were operational
Motivated teams: **91%** proud to belong to the Group

* Cash-flow from operating activities after industrial capex



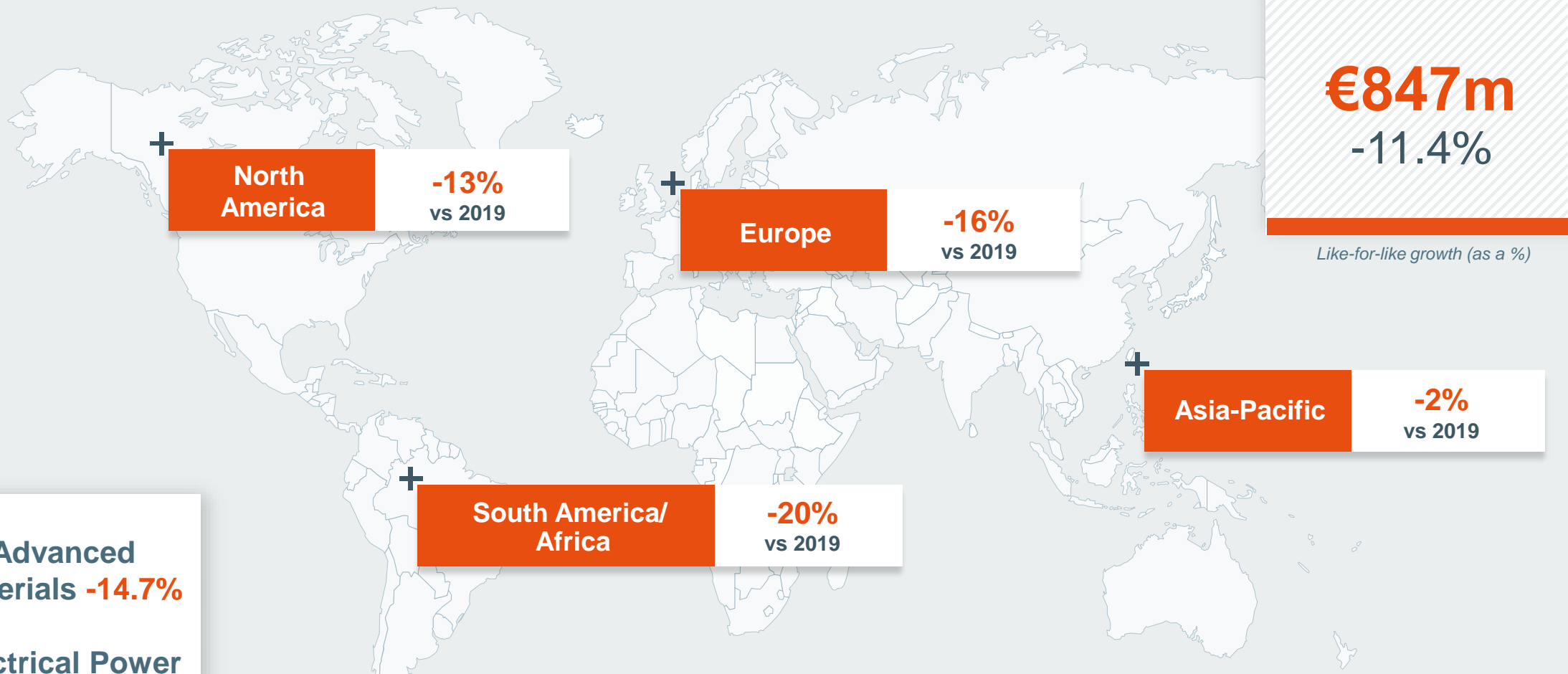
01

2020 Results

Thomas
Baumgartner



Contained decrease in 2020 sales



Advanced Materials -14.7%

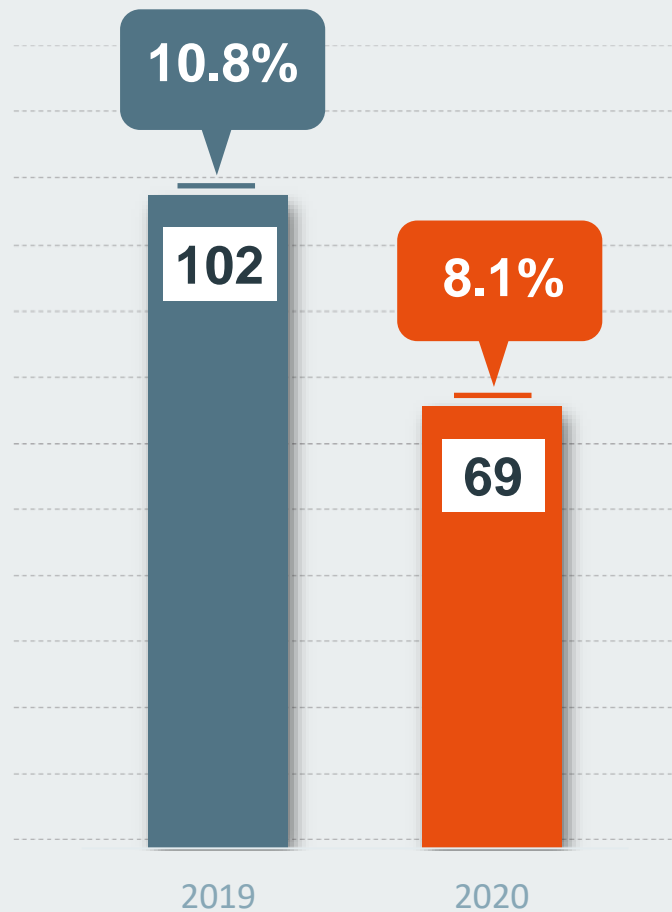
Electrical Power -7.1%

Like-for-like growth (as a %)

The Asia-Pacific region stands out, with 8% growth in China

Profitability held up well

Operating income before non-recurring items (€m)
 Operating margin before non-recurring items (% of sales)



2019 operating margin before non-recurring items

10.8%

Volume/mix effects	-3.9
Net savings excluding additional costs linked to the health crisis	+1.4
Productivity gains	+1.1
Cost inflation	-1.1
Other	-0.2

2020 operating margin before non-recurring items

8.1%



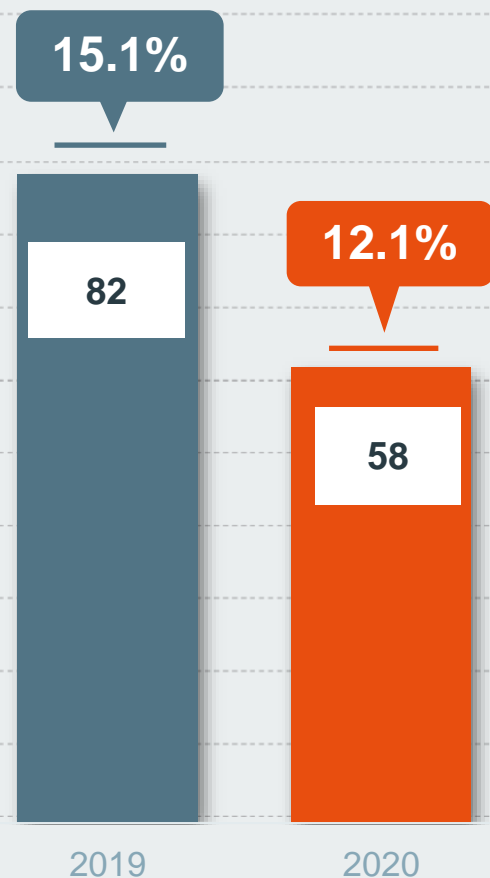
2020 EBITDA
€123m
14.5% of sales

2019 EBITDA
 €155m
 16.3% of sales

Both segments **contributed** to the Group's resilience

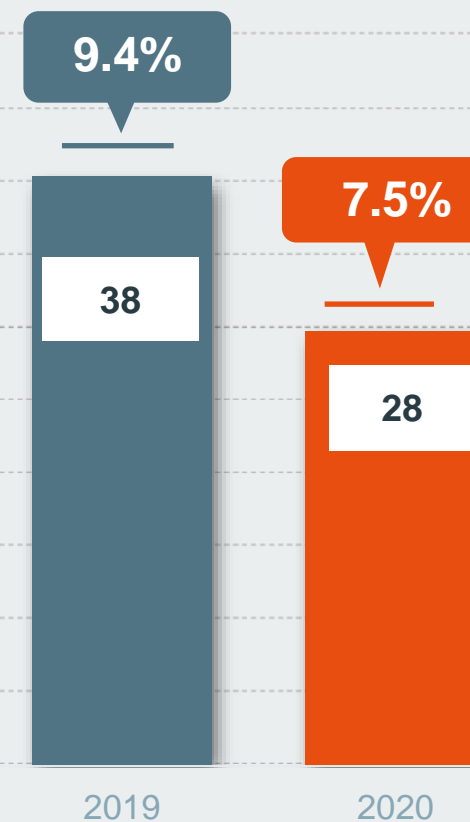
Operating income before non-recurring items (€m)
Operating margin before non-recurring items (% of sales)

Advanced Materials



- **Negative volume effect** – more significant in AM
- **Stable prices** in both segments
- **High cost flexibility** in both segments
- **Positive effect of the productivity plan** in EP segment

Electrical Power



Net income impacted by non-recurring items

In €m	2019	2020
Operating income before non-recurring items	102.2	68.6
Non-recurring income and expenses	(11.3)	(51.4)
Financial income	(13.2)	(12.0)
Income tax	(17.9)	(14.0)
Net income	59.8	(8.8)
Attributable to owners of the parent	57.3	(12.0)

Non-recurring expenses

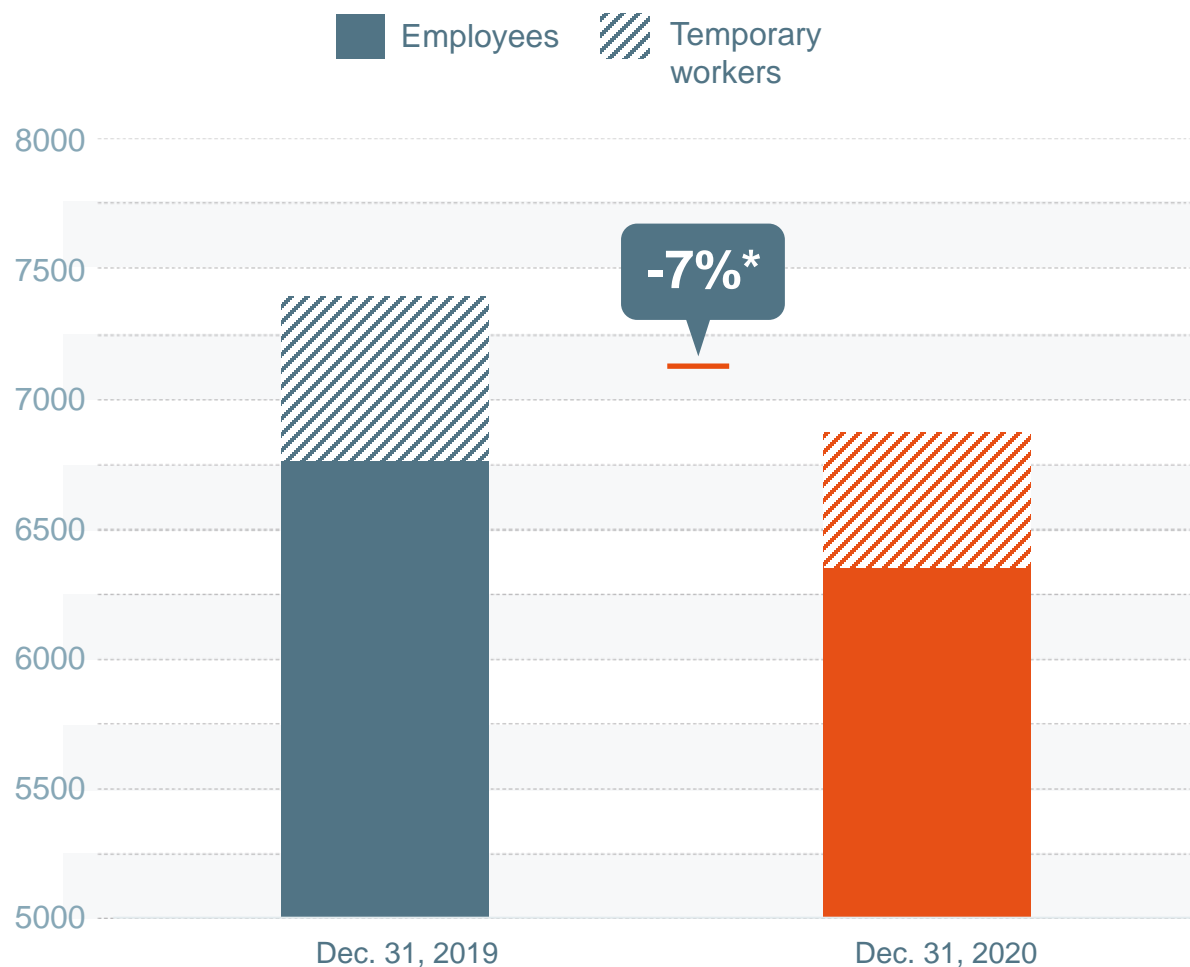
Restructuring costs: €17m
 Impairment of under-used assets: €8m
 Goodwill impairment for ACE: €17m
 Litigation and acquisition costs: €8m

High effective tax rate

(2018 rate: 24% - 2019 rate: 23%)

Due to the recognition of non-deductible non-recurring expenses
 Impairment losses on deferred tax assets: €4m

Adaptability in human resources in 2020



* At constant scope of consolidation (excluding GAB Neumann)

Flexibility through short-time working and furlough schemes
(maximum 10% of employees at the height of the crisis)

7% reduction in the number of employees and temporary workers

Targeted adaptation plan



Strong downturn in the aeronautics and chemicals markets

Continued **review of operational efficiency** in the Electrical Power segment

Impact on P&L

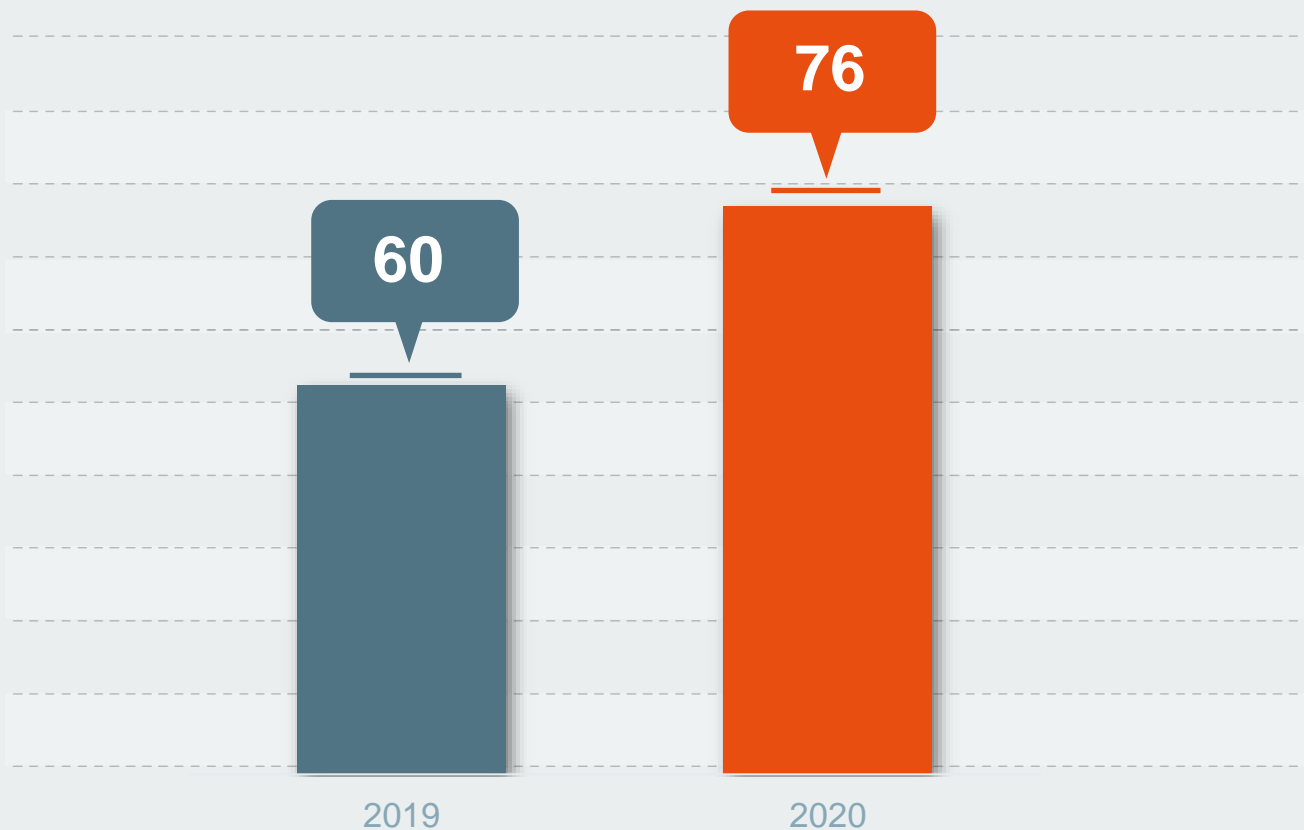
€ millions	2020	2021	2022	Total
Adaptation plan	17	5		22
Total expected savings based on 2019 cost structure		10	16	16/y
Cash-out of adaptation plan	5	17		22

Solid generation of **operating free cash flow**



FCF in €m

Free operating cash flow after capital expenditure



Cash flow conversion*

103%

(79% in 2019)

Funding for capex

€57m

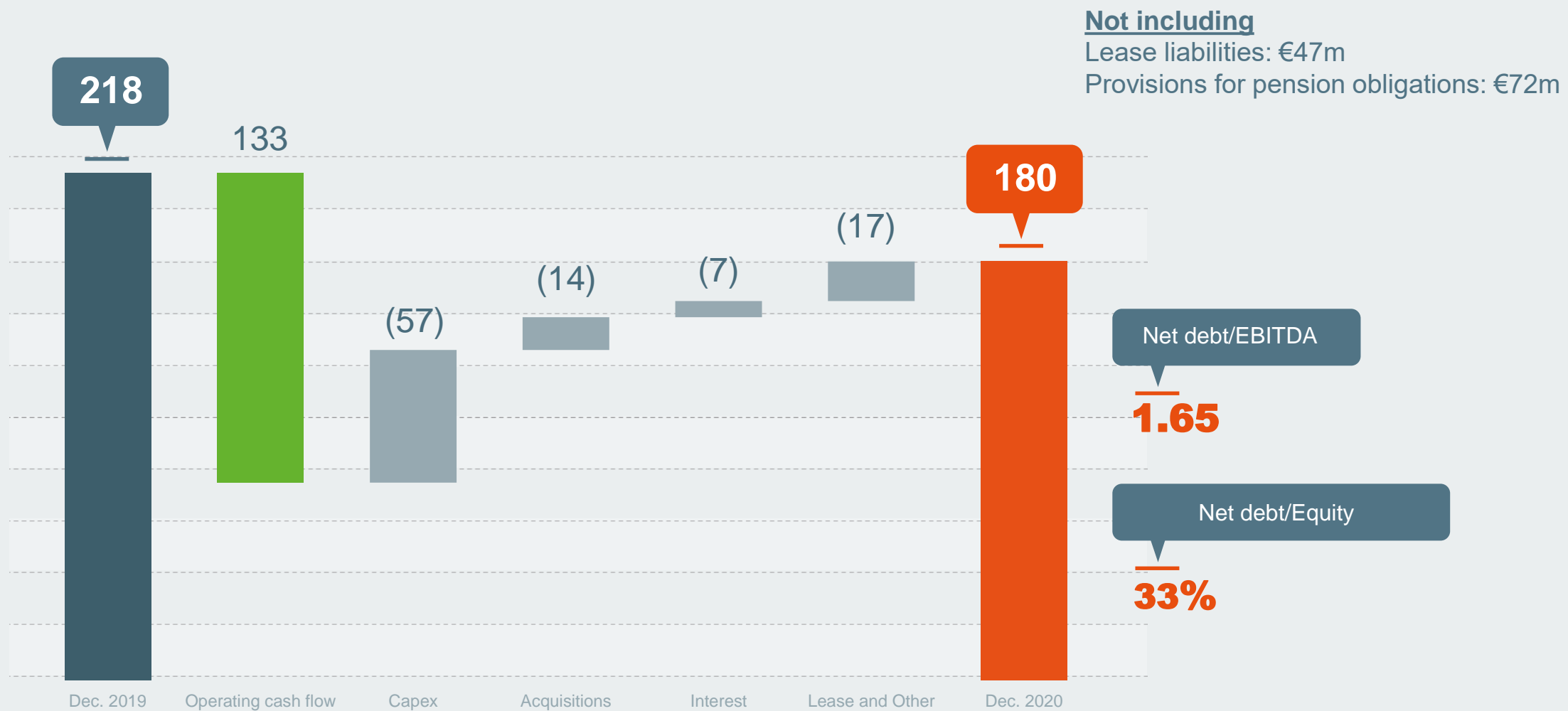


WCR 20.5% of sales

(22% in 2019)

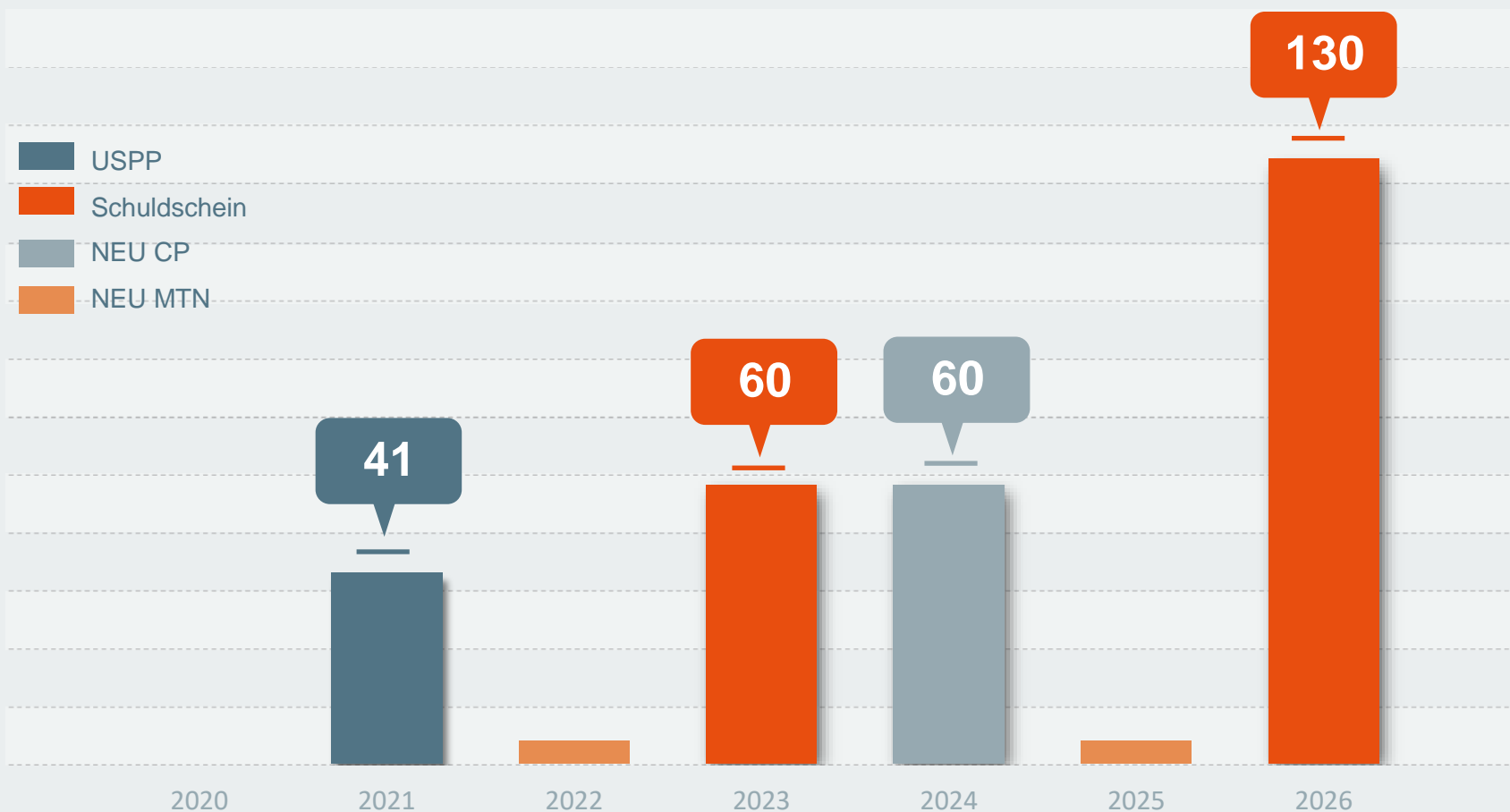
* Operating cash flow before capex/EBITDA

Significant reduction in **net debt**



A solid balance sheet with liquidity to cover repayments for the next few years

DRAWN CREDIT LINES
AT DECEMBER 31, 2020 IN €M



UNDRAWN
CREDIT
LINES
€160M

CASH
AVAILABLE
€110M

MATURITY
4 YEARS

NEU CP: Negotiable European Commercial Paper

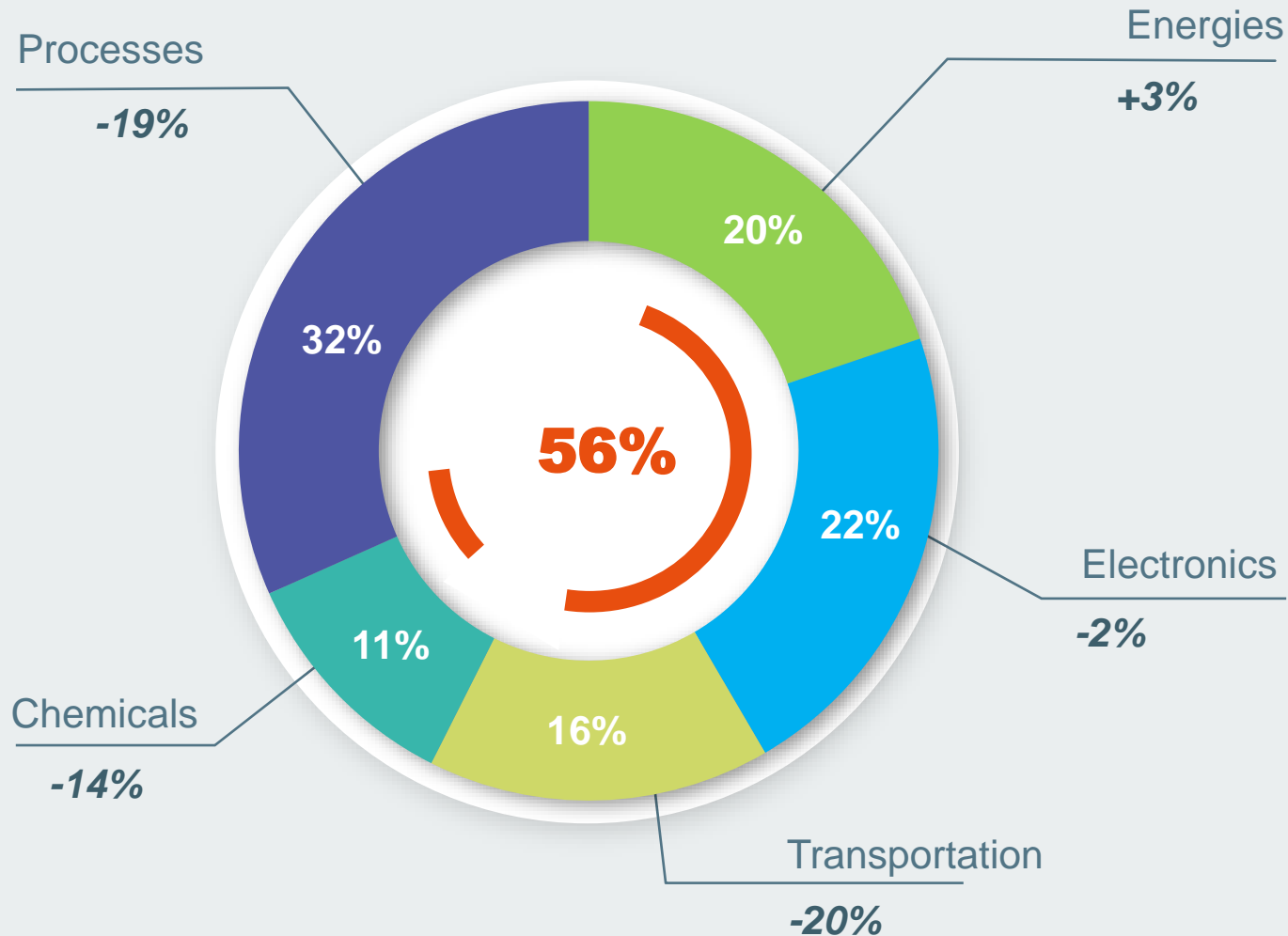


02

**2021
priorities and
outlook**

Luc Themelin

Positioned on buoyant sustainable development markets



56% of sales for sustainable development markets
Stable sales in 2020 vs 2019

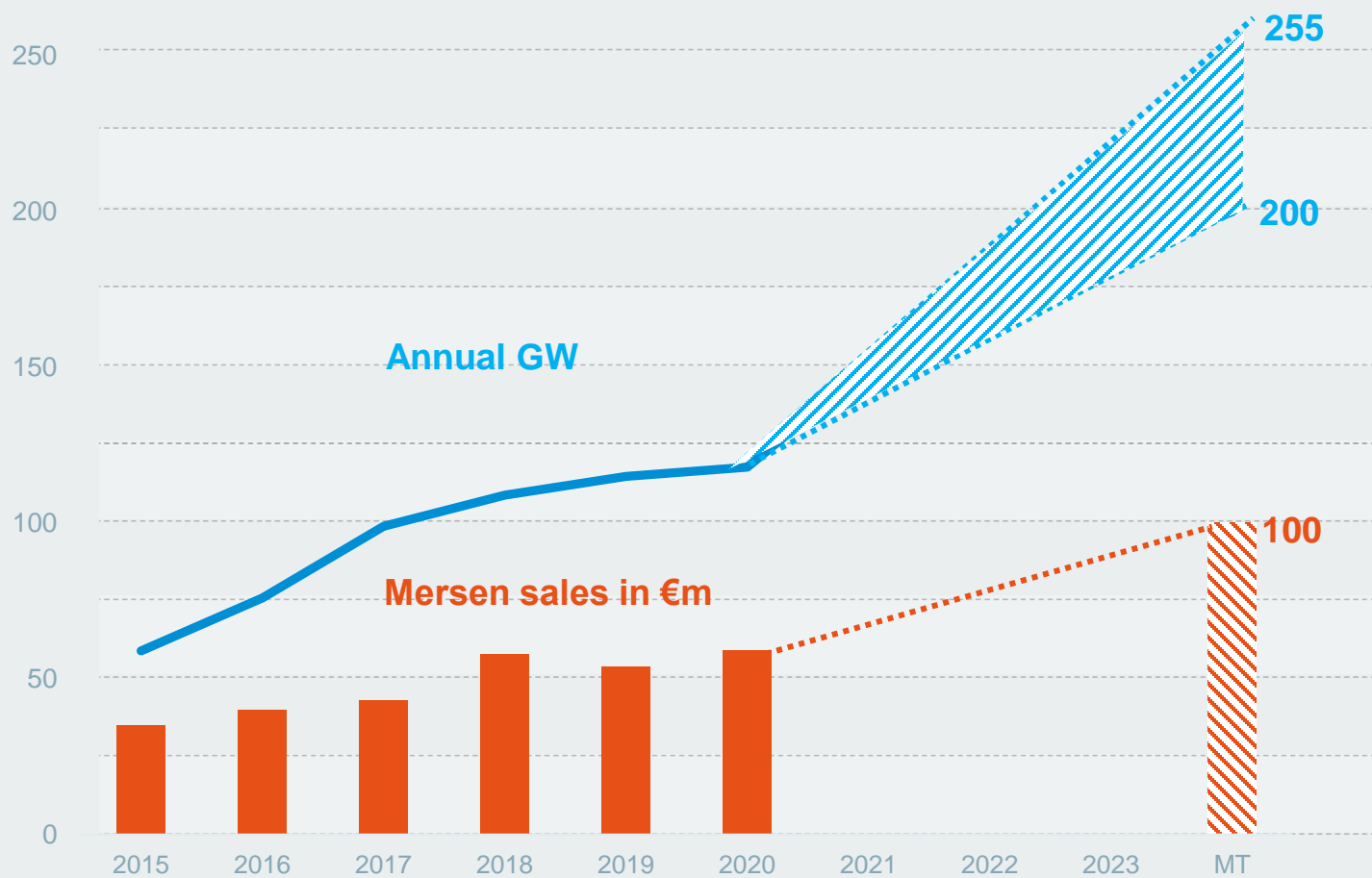
Like-for-like growth vs 2019

... offering growth opportunities in the short and medium-term



		2020	2021	2022-2023 trend
Energy	+ Solar power	↗ ↗	↗ ↗	↗ ↗
	+ Wind power	→	→	→ ↗
	Conventional energy	↘	→	→
Electronics	+ Manufacture of SiC semi-conductors	→	↗ ↗	↗ ↗
	+ Manufacture of Si semi-conductors	↘	→ ↗	→ ↗
	Power electronics	↘	→ ↗	↗
Transportation	+ Rail	↘	→	↗
	Aeronautics	↘ ↘ ↘ ↘	↘ ↘	→
	+ Electric vehicles	→	→	↗ ↗
Chemicals	Corrosive chemicals	↘ ↘	→	→
Processes	Process industries	↘ ↘ ↘	↗ ? ↗ ↗	↗

Solar: significant potential for Mersen **by focusing on premium offer**



Sources: IHS, Solar Power Europe October 2020

Expected market growth of **15% per year on average**

Developing technology: **Increase in size of cells (from 152 mm to 210 mm)**

Mersen's positioning on a comprehensive **premium offer**

Isostatic graphite, insulation, C/C composite
Electrical protection for high-power industrial facilities

Mersen's expertise applied to premium solar power

ADVANCED MATERIALS SEGMENT



Graphite anticorrosion systems for HCl synthesis



CVD reactors



Graphite electrodes

Polysilicon manufacturing



1,400°C CZ processes

Monocrystalline silicon ingot manufacturing

75% of business

WACKER

LONGi Solar
中环
ZHONGHUAN

Jinko Solar

ELECTRICAL POWER SEGMENT



Solar panel protection



Energy storage and conversion

25% of business

ENGIE

Schneider Electric

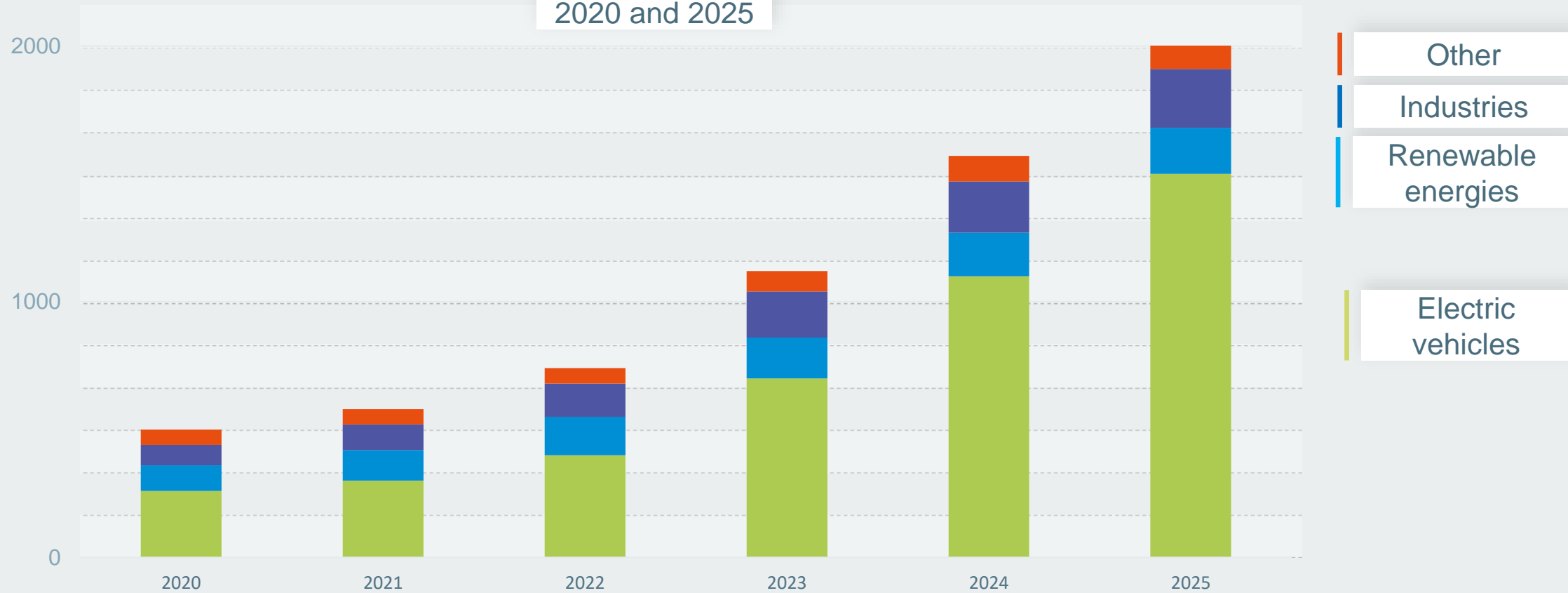
POWER ELECTRONICS

TMEiC

2020
SALES
€60M

Growth of the SiC semiconductors market is set to **accelerate** in line with EV market growth

USD million







Source: Yole


















Mersen's expertise in SiC semiconductors



ADVANCED MATERIALS SEGMENT

GRAPHITE, INSULATION FOR FURNACES	GRAPHITE WAFER CARRIER
 Crystal growth	 Epitaxy Ion implantation Annealing
   	  

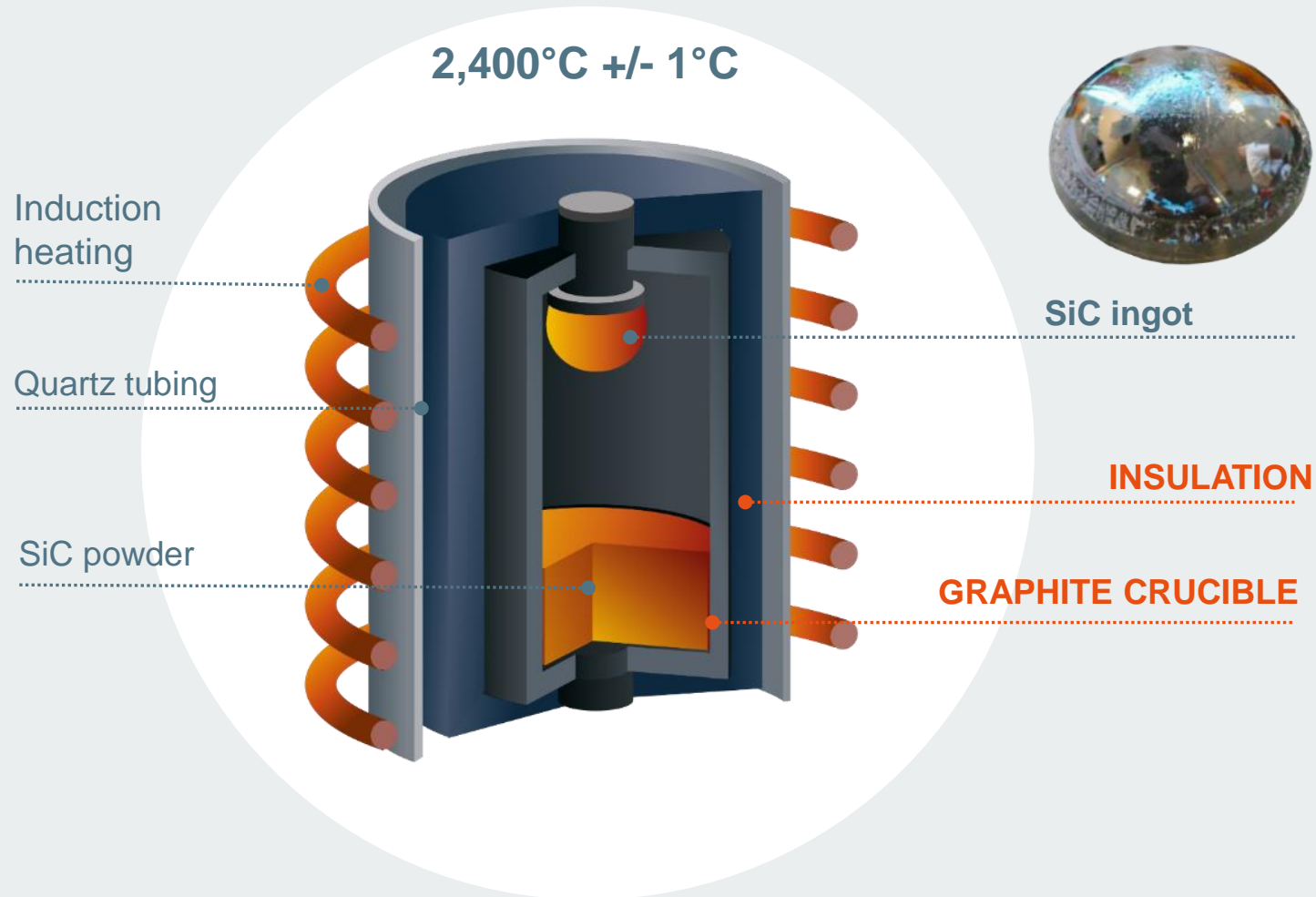
ELECTRICAL POWER SEGMENT

 Diode, transistor	COMPONENTS FOR INVERTERS
 Power module	 Inverter
      	      

End markets



Graphite and insulation determine the quality of silicon carbide wafers and therefore the **cost** of semiconductors



2020 SALES
€30M

Unique position in the sophisticated and intricate SiC manufacturing process



Key products for ingot quality

(and therefore process efficiency):

- Purity of graphite
- Insulation properties



Expertise through long-standing ties with pioneers in the industry for over 20 years



High-performance industrial system

in which we continue to invest

- Investments in Europe from 2019 to 2021: €12m
- Investments in Americas (Americarb + Columbia): €6m



Present across all geographies, close to industry players

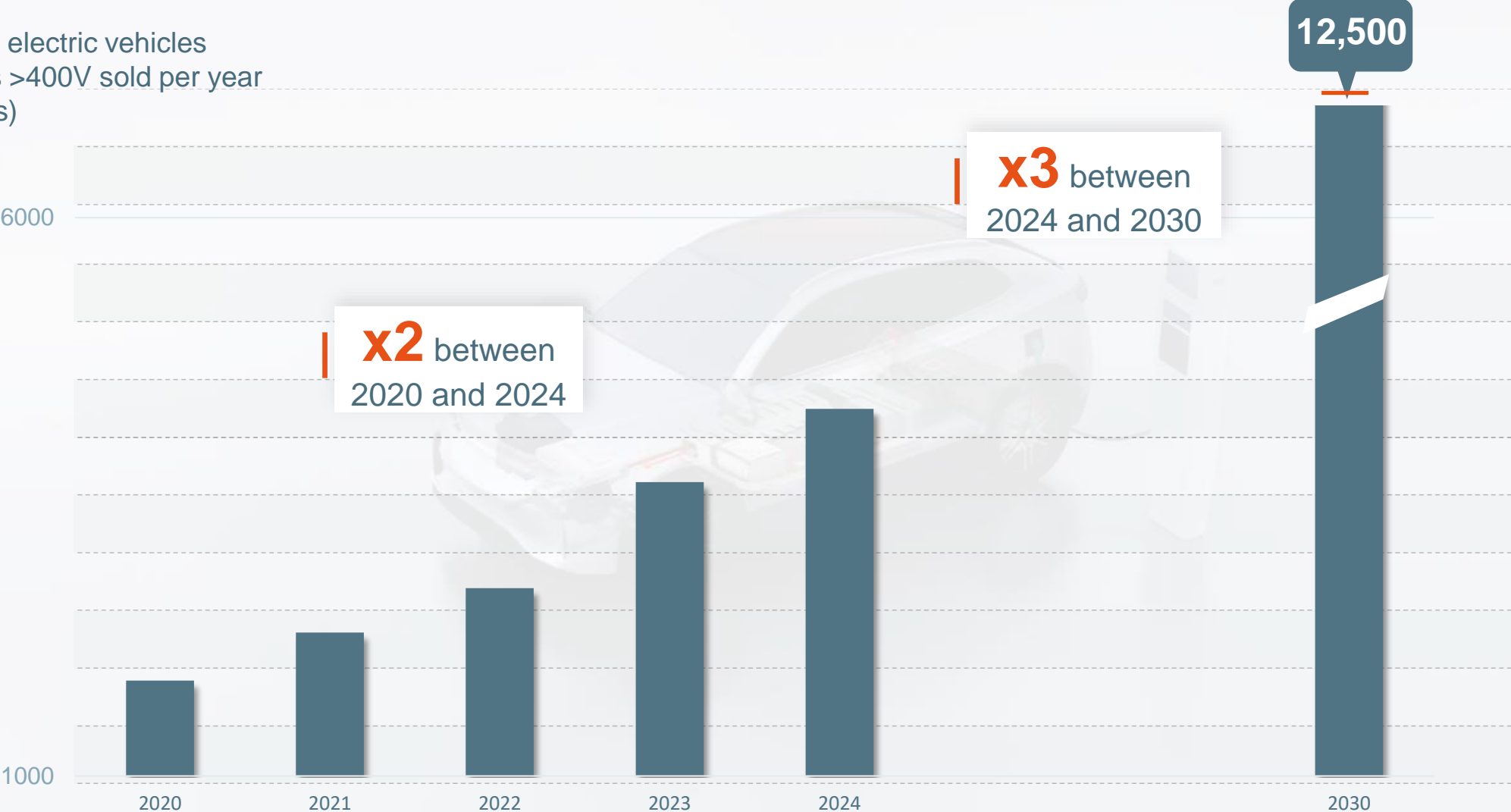
- Long-standing leaders
- New entrants (China, 5G)
- Startups, universities, etc.

MID TERM
ANNUAL SALES
€50-60M

Electric vehicles: Market growth is accelerating



Number of electric vehicles
Individuals >400V sold per year
(thousands)



Source: Mersen estimates

+ Mersen's offering for EV/HEV applications

BATTERY MODULE



Fuse

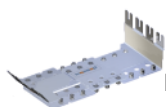


Monitoring busbar

INVERTER



Capacitors



Busbar

ELECTRICAL PROTECTION OF VEHICLES



Main fuse



Hybrid fuse



Auxiliary fuse

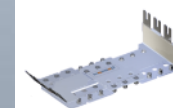
RAPID CHARGING STATION 50kW-100kW



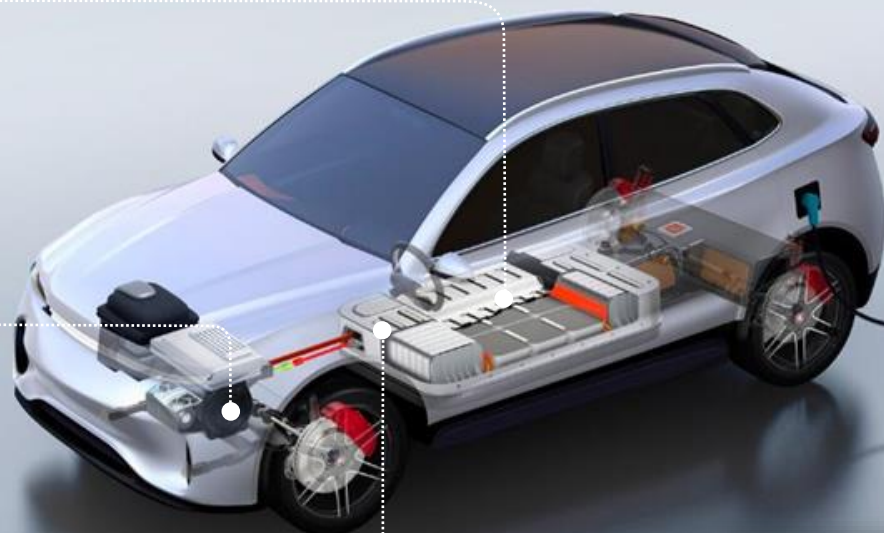
SPD



Fuse



Busbar



2020
SALES
€15M

Mersen is successfully adapting to this **new market and these new customers**



RELATIONS WITH

- Traditional car manufacturers
- New entrants
- Tier-one suppliers for manufacturers
- Battery manufacturers



FIRST CONTRACT WON

- Marquardt
- Contract over the duration of the platform (5 to 7 years)
- Production launch: 2022



TECHNICAL INNOVATION

- Strategic partnership on Hybrid fuse
- Target: EV>800V



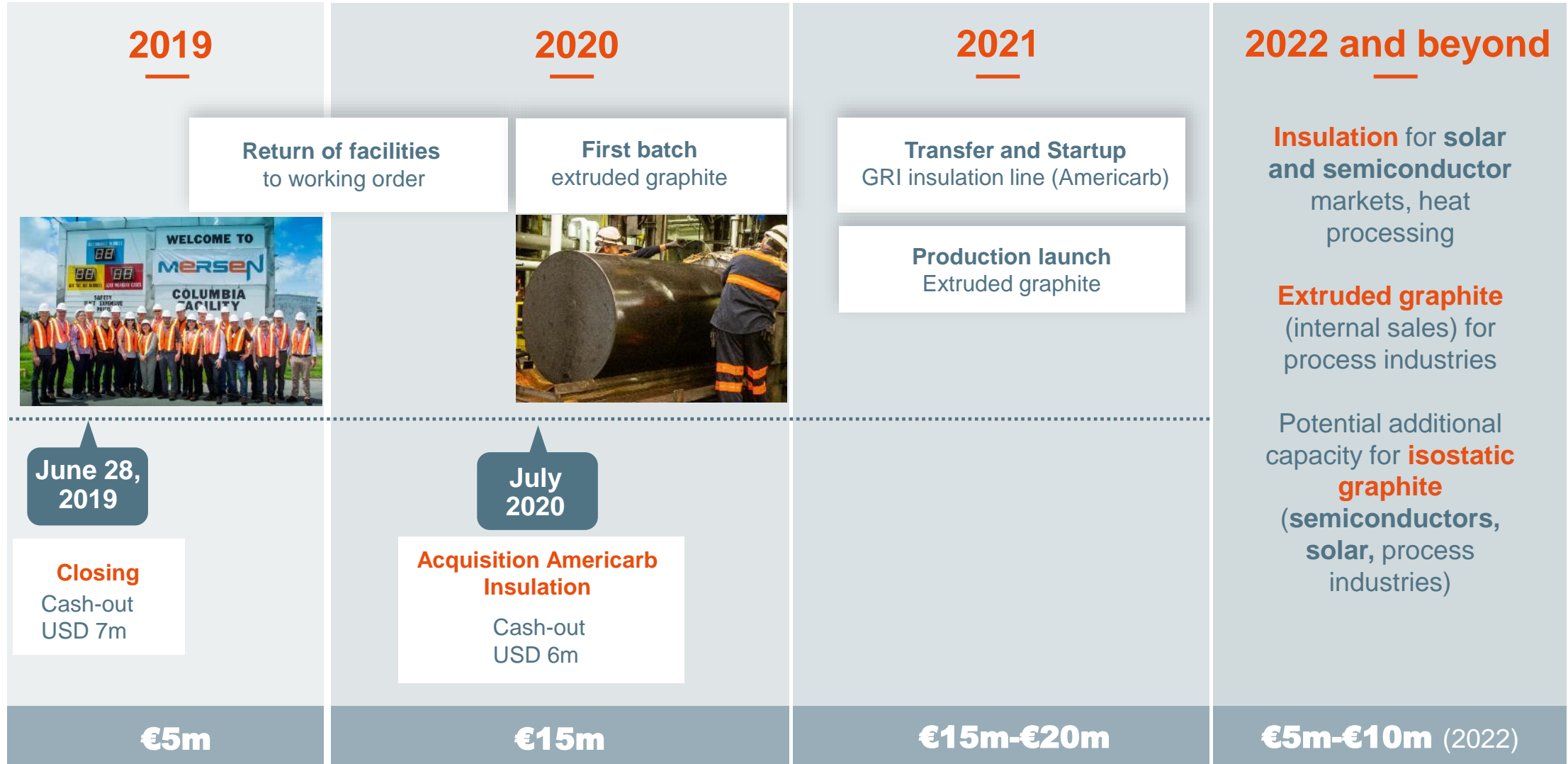
GLOBAL PRESENCE

- Eventually, 3 dedicated plants in 3 key regions
- Dedicated teams
- Certified sites



MID-TERM
ANNUAL SALES
€40-70M

Columbia, additional capacity to serve our growth markets



Continued industrial optimization



HEALTH AND SAFETY: THE PRIORITY

- Accident frequency rate: 1.54 (medium-term target <1.4)
- Severity rate: 64 (medium-term target <60)



OPTIMIZATION OF INDUSTRIAL SITES

- Enhanced manufacturing efficiency on Europe's electric fuse market (Fusetech)
- Modernization of two plants in China (fuses, graphite for semiconductor market)
- Large digital projects and MES (Manufacturing Execution System)



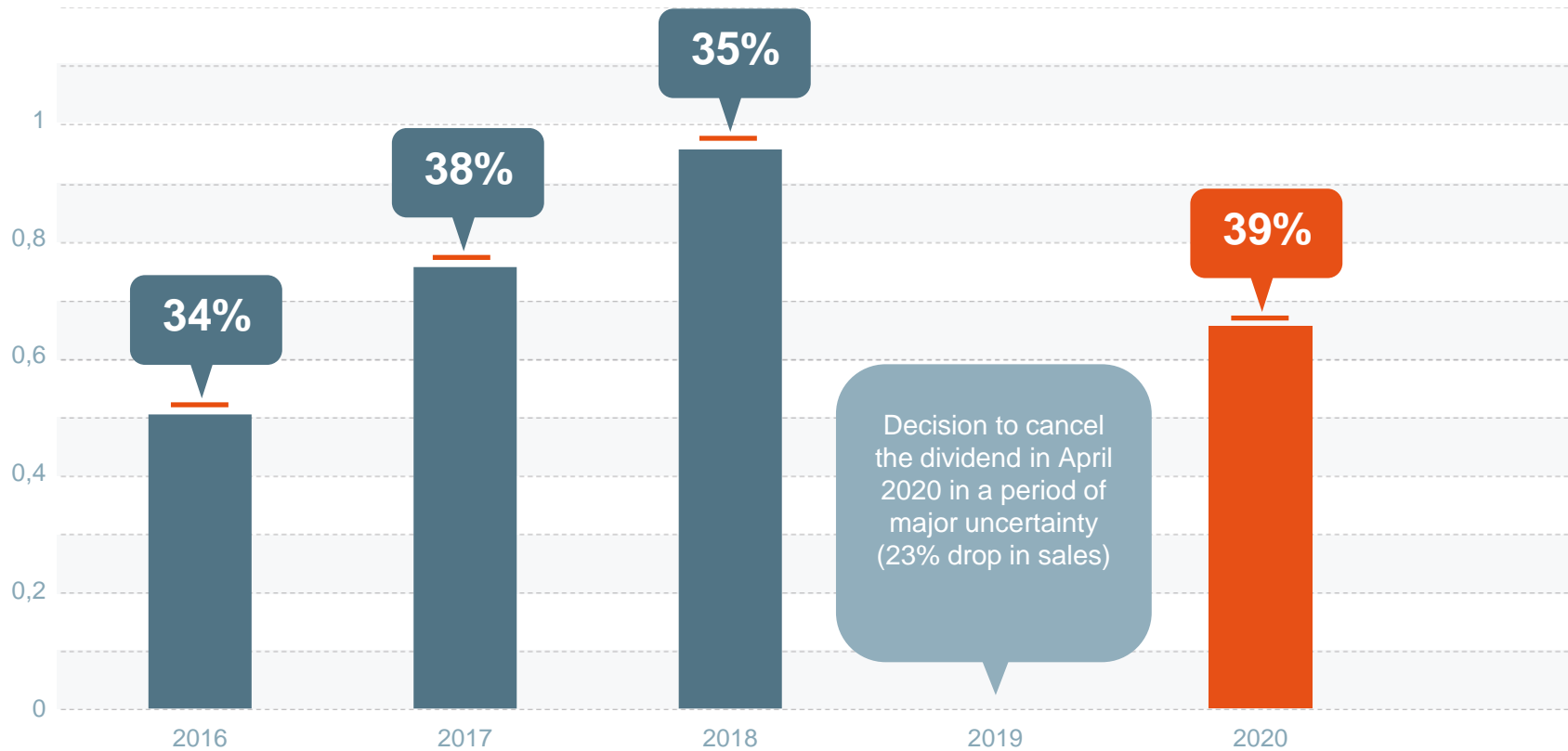
REDUCED ENVIRONMENTAL FOOTPRINT

- Target to reduce GHG emissions intensity by 20% by 2025
- Increase in waste recycling rate (60% in 2020 vs 46% in 2018)

Shareholder return: return to dividend payment: €0.65 per share



Dividend in €
Payout as a % of restated net income



DIVIDEND POLICY

Payout of between 30% and 40% of Group net income restated for non-recurring items

Operational priorities and outlook for 2021

Attentive to signs of recovery, especially in Europe and the United States

And subject to no major deterioration of public health conditions.

We continue to seize **growth opportunities**:
Solar, semiconductors, EV – by investing when necessary

Like-for-like sales growth of between 2% and 6%

We are accelerating our **response plans** to optimize our cost structure and boost our **industrial productivity**

Operating margin before non-recurring items of
between 8% and 8.8%
Capex between €70m and €80m

SD 23°--'12.2"
TT 23°--'54.4"
WD-3 NVGT A

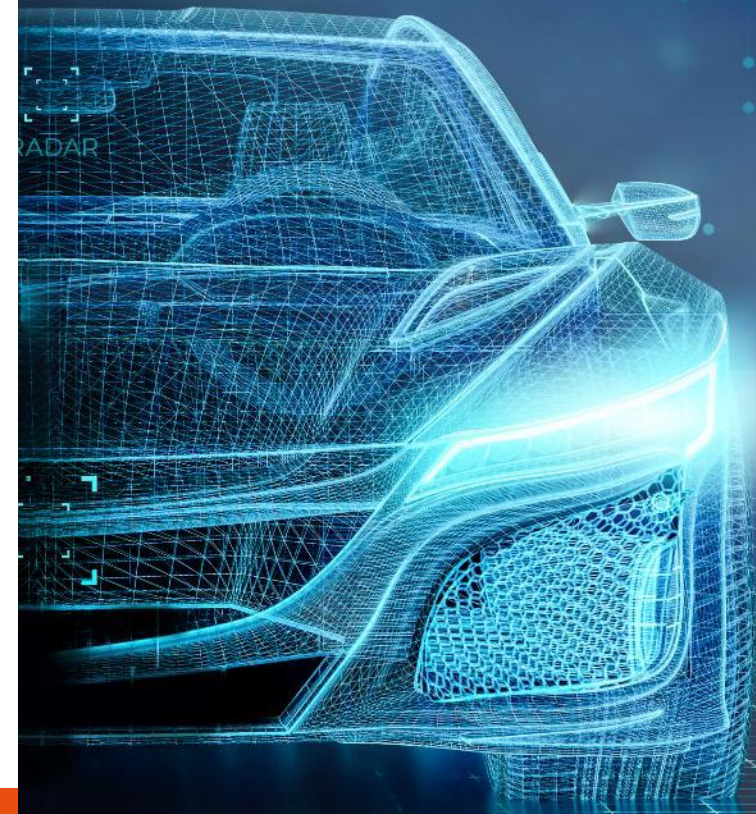
11.23

4.5.6 / 333.4.3
SENSOR

DOP.E.RETV

03

Appendix



AUTONOMOUS

SAFE
1G*2 +
TT FOUR

SENSOR
ACTIVE
INT*3 +
TTS SENSOR GROUP 5-17

7A



Investing to build the future



Columbia

Environment

Reduce GHG emissions intensity
Improve processes
St Bonnet solar power plants

2021
€70m-€80m

Growth

Electric vehicles
Solar: Galaxy extension (China)
Semiconductors: Expansion into South Korea
& India

Maintenance and Productivity

Including IT projects